

Message Text

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PAGE 01 VIENTI 00261 090825Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-07 ISO-00 FEA-01 ERDA-05 AID-05
CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 NEA-10 /120 W
-----090827Z 106628 /21

R 090506Z FEB 77
FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 7687
INFO AMEMBASSY BANGKOK
AMEMBASSY MOSCOW
AMEMBASSY PARIS
USLO PEKING
AMCONSUL HONG KONG
CINCPAC

C O N F I D E N T I A L VIENTIANE 0261

E.O. 11652: GDS
TAGS: ENRG EAID PFOR LA CH UR
SUBJECT: PRC FUNDED FUEL TO LPDR

REF A 76 VIENTIANE 0304, B 76 VIENTIANE 2858

1. JOHN CROSSMAN, DIRECTOR OF SHELL OIL FOR LAOS (PROTECT), TOLD EMBOFF FEBRUARY 8 THAT THE PRC WOULD SIGN WITHIN TWO WEEKS AN AGREEMENT WITH SHELL FOR SHELL TO SUPPLY 4,500 TONS OF AUTOMOTIVE DIESEL FUEL TO THE LPDR. THE FUEL WOULD BE PROVIDED UNDER THE TERMS OF A LONG TERM LOAN ANNOUNCED PREVIOUSLY BY THE PRC (REF A). SHELL WILL RECEIVE 6,000 TONS OF AUTOMOTIVE DIESEL FROM THE PRC AT SHELL'S HONG KONG AFFILIATE AND IN TURN WILL SHIP FUEL FROM THAILAND TO THE LPDR. CROSSMAN SAID THAT DISCUSSIONS ON THE TRANSACTION BEGAN BETWEEN THE LAO, CHINESE AND SHELL LAST APRIL BUT WERE DELAYED BY
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LAO UNFAMILIARITY WITH COMMON PRINCIPLES OF TRADE AND ECONOMICS AND BY CHINESE RELUCTANCE TO ACCEPT SHELL TERMS THAT TRANSPORTATION COSTS TO VIENTIANE BE COMPENSATED BY PRC PAYMENT TO SHELL OF U.S. \$200,000 OR BY PRC'S PROVISION OF AN EXTRA 1,500 TONS OF FUEL TO SHELL HONG KONG. (THE PRC EVENTUALLY CHOSE THE LATTER OPTION).

2. CROSSMAN SAID THAT THE TRANSACTION FOLLOWED A SOVIET-SHELL TRANSACTION IN WHICH SHELL SUPPLIED 8,000 TONS OF AUTOMOTIVE DIESEL FUEL TO THE LPDR FROM DECEMBER 1975 TO APRIL 1976. THE SOVIETS PAID CASH TO SHELL TO PROVIDE THIS AID TO THE LPDR. CROSSMAN SAID THAT THE SOVIETS OFFERED IN APRIL 1976 TO CONTINUE THE AID PROGRAM BUT THAT THE LAO HAD DECLINED INDICATING THAT THEY MUST NEXT ACT UPON AN OUTSTANDING OFFER BY THE PRC (REF B).

3. CROSSMAN SAID THAT HE EXPECTED THAT THE FUEL PROVIDED AS AID BY THE PRC TO THE LPDR WOULD BEGIN TO ARRIVE "WITHIN A MONTH OR TWO".
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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 09-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Subject: PRC FUNDED FUEL TO LPDR
TAGS: ENRG, EAID, PFOR, LA, CH, UR, SHELL OIL CO
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Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a9bf18c9-c288-dd11-92da-001cc4696bcc
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